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NATIONAL ASSOCIATION OF REAL ESTATE INVESTMENT TRUSTS®

February 15, 2012

Ms. Susan M. Cosper
Technical Director
File Reference No. 2011-220
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Re: Proposed Accounting Standards Update—Consolidation (Topic 810): Principal versus Agent Analysis

Dear Ms. Cosper:

This letter is submitted in response to the request for public comment by the Financial Accounting Standards Board (FASB or the Board) with respect to its proposed Accounting Standards Updates on *Consolidation (Topic 810): Principal versus Agent Analysis* (the Proposed Update).

NAREIT is submitting these comments on behalf of the Real Estate Equity Securitization Alliance (REESA). This alliance includes the following organizations:

- Asia Pacific Real Estate Association, APREA
- British Property Federation, BPF
- European Public Real Estate Association, EPRA
- National Association of Real Estate Investment Trusts (United States), NAREIT
- Property Council of Australia, PCA
- Real Property Association of Canada, REALpac

The purpose and activities of REESA are discussed in Appendix I. Members of the organizations identified above would be pleased to meet with the Board or staff to discuss any questions regarding our comments on the Proposed Update.



We thank the FASB for the opportunity to provide further input on the Consolidation proposal. If you would like to discuss our comments, please contact George Yungmann, NAREIT's Senior Vice President, Financial Standards, at 202-739-9432 or Christopher Drula, NAREIT's Senior Director, Financial Standards, at 202-739-9442.

Respectfully submitted,

Handwritten signatures of George Yungmann and Christopher T. Drula. George Yungmann's signature is on the left, and Christopher T. Drula's signature is on the right.

George Yungmann
Senior Vice President, Financial Standards

Christopher T. Drula
Senior Director, Financial Standards

cc: Ms. Susan Lloyd, Senior Director, Technical Activities, International Accounting Standards Board



**Comment Letter Submitted by the
National Association of Real Estate Investment Trusts (United States), NAREIT**

**On behalf of the following members of the
Real Estate Equity Securitization Alliance (REESA):**

**Asian Pacific Real Estate Association, APREA
British Property Federation, BPF
European Public Real Estate Association, EPRA
National Association of Real Estate Investment Trusts (United States), NAREIT
Property Council of Australia, PCA
Real Property Association of Canada, REALpac**

**In response to the
Proposed Accounting Standards Update—*Consolidation (Topic 810):
Principal versus Agent Analysis***

**Issued by the
Financial Accounting Standards Board**

November 3, 2011



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February 15, 2012

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Re: Proposed Accounting Standards Update—Consolidation (Topic 810): Principal versus Agent Analysis

Dear Sir/Madam:

REESA is made up of seven representative real estate organizations around the world grounded in one or more facets of securitized real estate equity. REESA's broad mission is to improve the opportunities for investment in securitized real estate equity around the globe.

REESA strongly supports the harmonization of global accounting and financial reporting and understands the importance of achieving a high quality universal set of accounting standards. We have been fully engaged in the Boards' discussions on major convergence projects and have actively participated in meetings with the Boards and their staff with respect to these projects. REESA greatly appreciates the opportunities to express our global views through these meetings and comment letters.

One of REESA's goals is to achieve consistent financial reporting by companies that own and operate real estate. REESA has achieved significant consensus on over a dozen accounting standards proposed by the FASB and the International Accounting Standards Board (IASB) (collectively, the Boards) and has submitted comment letters that reflect these global consensus.

REESA commends and supports the Boards' efforts to continue to develop high-quality accounting standards and particularly supports the FASB's efforts to converge U.S. Generally Accepted Accounting Principles (GAAP) with International Financial Reporting Standards (IFRS).

REESA recognizes that differences remain in the FASB's and IASB's consolidation models. However, REESA embraces the changes that the FASB has proposed to align the guidance in US GAAP on determining principal versus agent (and related disclosures) with the guidance in IFRS. We believe that the Proposed Update will



improve the comparability of financial statements and disclosures prepared in accordance with U.S. GAAP and IFRS. Therefore, REESA believes that the Proposed Update is a step in the right direction in order to achieve ultimate convergence of U.S. GAAP with IFRS at some point in the future.

We very much appreciate the Board's focus on the Consolidation proposal and the opportunity to share our views with the Board. We welcome the Board's questions on our comments.

Respectfully submitted,



**Asia Pacific Real
Estate Association**



**British Property
Federation**



**European Public Real Estate
Association**



**National Association of Real
Estate Investment Trusts
(United States)**



Property Council of Australia



Real Property Association of Canada



REESA – The Real Estate Equity Securitization Alliance

REESA is made up of seven real estate organizations around the world grounded in one or more facets of securitized real estate equity. REESA's broad mission is to improve the opportunities for investment in securitized real estate equity around the globe. The REESA member organizations are:

- Asia Pacific Real Estate Association, APREA
- Association for Real Estate Securitization in Japan, ARES
- British Property Federation, BPF
- European Public Real Estate Association, EPRA
- National Association of Real Estate Investment Trusts, NAREIT®
- Property Council of Australia, PCA
- Real Property Association of Canada, REALpac

REESA has responded positively to the challenges presented by the developments in the global economy and, in particular, the global real estate markets. The benefits of collaboration on a global scale are increasingly valuable on major industry issues such as the sustainability of the built environment, tax treaties, corporate governance and research.

The formation of REESA was, in part, a direct response to the challenge and opportunity presented by the harmonization of accounting and financial reporting standards around the world. Given the size and importance of the real estate industry, our view is that there are considerable benefits to be gained by both accounting standard setters and the industry in developing consensus views on accounting and financial reporting matters, as well as on the application of accounting standards.

Since its formation REESA members have exchanged views on a number of accounting and tax related projects and shared these views with regulators and standards setters. These projects include:

- FASB/IASB Lease Accounting
- FASB/IASB Financial Statement Presentation
- FASB/IASB Reporting Discontinued Operations
- FASB/IASB Revenue Recognition
- FASB/IASB Effective Dates and Transition Methods
- IASB Fair Value Measurement
- IASB Income Tax
- IASB Real Estate Sales – IFRIC D21
- IASB Capitalization of Borrowing Costs – IAS 23
- IASB Accounting for Joint Arrangements – ED 9
- IASB Consolidated Financial Statements – ED 10
- IASB 2007/2008/2009 Annual Improvements to IFRS
- OECD developments on cross border real estate flows and international tax treaties

